

The CURE

Contract User's Resource for Excellence

The "CURE" is a quarterly newsletter of the State Controller's Office

Volume 6, Issue 3

August 2000

News From The SCO

A State Controller's Office Update

By John Ivy, SCO

⇒ CCIT Meeting

The August CCIT Meeting will be held on Wednesday, August 16th from 9:00 a.m. to noon in Building 100 at Camp George West. For those of you not familiar with Camp George West, it is located just East of Golden on Old Golden Road. The address is 15055 So. Golden Road. A map was attached to the November 1999 issue of the CURE. If you still have questions as to how to get to Camp George West, please call the SCO and the map can be faxed.

⇒ A New Employee in the State Contract Unit

Robert (Bob) Bowers has been selected by the SCO to fill the vacant position left by Chris Trujillo, when she transferred to the Department of Military Affairs. Bob comes to the SCO from the State Treasury's Office. Please stop by and introduce yourself when you visit the SCO. Bob is busy learning the ins and outs of state contracting and contract processing and by all indications will be a great asset to the SCO. Please read Bob's introduction in this issue of the CURE to learn more about the SCU's newest employee.

⇒ Another SCO Improvement

The State Controller has approved the use of e-mail to forward the required information concerning a statutory violation to the SCO. This will eliminate the time necessary to reduce the information to writing and send them to the SCO. Please see the article entitled "Identifying, Addressing, and Avoiding Contracts that Violate State Statutes" in this issue of the CURE for more detailed information concerning this policy.

⇒ Contracting Processing Statistics for FY99-00

This issue of the CURE contains a summary of the FY99-00 statistics maintained on the CLIN and provided by the State Contract Unit. If you would like a copy of your agency's detail, contact the SCO.

⇒ Personal Services Annual Report – Due 9-30-00

The *Personal Services Annual Report* is due on September 30th. There are helpful hints and lessons learned in Yvonne's article, "Important Reminder", in this issue of the CURE. If you are involved in gathering the data or preparing the report, this is important

Central Approvers Names and Numbers

NAME	PHONE #	FAX #
State Controller's Office		
<u>Contracts:</u>		
Phil Holtmann	303-866-3809	303-866-3569
Bob Bowers	303-866-3820	303-866-3569
<u>Fiscal Rule Waivers and Statutory Violations:</u>		
John Ivy	303-866-3765	303-866-3569
<u>Privatization Program:</u>		
Yvonne Anderson	303-866-2862	303-866-3569
<u>Distribution and E-mail Updates:</u>		
Kevin Cruise	303-866-2127	303-866-3569
Attorney General's Office:		
David Kaye	303-866-5142	303-866-4139
Rod Wolthoff	303-866-5027	303-866-4139
State Buildings and Real Estate Programs:		
Carol Lieber (SBP)	303-866-3158	303-894-7478
Bob Marshall (REP)	303-866-2208	303-866-4367
State Purchasing:		
Kay Kishline	303-866-6181	303-894-7444
Monica Rahman	303-866-6155	303-894-7440

NOTE: You may e-mail any of the above by using the following format: **firstname.lastname@state.co.us**

An Important Reminder” From the Privatization Program

By Yvonne Anderson, SCO

It’s that time of the year again.

The *Personal Services Annual Report* is due on September 30. This is a mandatory reporting requirement pursuant to CRS 24-50-510. All state agencies and institutions, including institutions of higher education, are required to report their use of independent contractors during the prior fiscal year (FY99-00). The instructions, reference guide and other pertinent information regarding the annual report will be forwarded to all agencies via e-mail on or before August 15th. This issue of the CURE contains the “Personal Services Annual Reporting Checklist”.

Note that this report in essence belongs to the legislature. The Privatization Program simply acts as a conduit to provide your information to the legislature. Once your reports are received, we prepare a summary report, which is forwarded to the legislature and other interested parties. Occasionally, we receive requests to view the original reports, which are kept on file.

PERSONAL SERVICES ANNUAL REPORTING CHECKLIST

This checklist was developed to assist agencies in preparing their *Personal Services Annual Report*. It is the result of a review of the prior years’ annual reports. These reports indicated that some agency reports did not contain services that are, by definition, personal services and other agency reports contained items that were not required to be included. The report format has not changed from last year.

Note: The following definition for personal services should be used when determining if a specific item should be included in the agency report.

Personal services - Essentially, includes all work performed by a human being

Personal Services to be Included:

1. Advertising services, which includes graphic design work for display ads in newspapers and magazines.
2. Personal services involved with a purchase of a commodity, such as the purchase of a computer where maintenance, training, installation, telephone support and other support services are a part of the purchase price. In these and similar situations, if the services are not priced separately from the equipment, the entire amount should be reported as personal services. If the services are priced separately from the equipment purchase, then report **only** the cost of the personal services.
3. Honorariums for guest lecturers and speakers.
4. Mailing services, such as hiring a vendor to perform bulk or mass mailings.
5. Forty percent of the total cost of all capital construction and controlled maintenance projects that are not highway related should be allocated as personal services.
6. Sixty percent of the total cost of all highway related capital construction and controlled maintenance projects should be allocated as personal services.
7. Architecture/engineering services.
8. If you have been classifying services as “exempt” because the services are for a term of six months or less, please refer to the “Exempt Category” found in the *Contract Type Designation Descriptions & Reference Guide* for further clarification. Services are rarely classified as exempt, unless they are exempt from the classified personnel system, and should be reported under another category for annual reporting requirements.

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“An Important Reminder” From the Privatization Program

Personal Services to be Excluded:

1. Agreements with intergovernmental entities such as cities, counties, school districts, other states, the federal government, and foreign governments.
2. Agreements with other state agencies including agreements with institutions of higher education.
3. Agreements for services exempt from the state’s classified personnel system such as attorneys, professors, teachers, and employees of the legislative and judicial branches of state government.
4. Materials.
5. Monthly utility bills, such as bills for telephone, cellular phones, pagers, cable, water & sewer.
6. Internet access charges.
7. Traveling expenses incurred by state employees such as hotel, mileage, airfare, cab fare, and parking.
8. Commodity purchases that do not include personal services. **Note: Some commodity purchases may include personal services that must be reported. Please refer to item #2 above, Personal Services to be Included, for additional information.**
9. Equipment rental, unless the equipment requires an operator other than a state employee.
10. State employee wages and other benefits paid by the state for its employees.
11. Postage, UPS and FedEx Fees, and other similar charges.
12. Stipends paid to individuals such as students entering a graduate program at a higher education institution.
13. The lease or purchase of real property or equipment.
14. Services that are six months or less and are not expected to recur. Note: These types of services are rare and most should be reported on the Annual Report.

If you have any questions related to this article or the Privatization Program, please call Yvonne Anderson at (303) 866-2862 or send an e-mail to: yvonne.anderson@state.co.us.

E-MAIL

ADDRESSES ARE IMPORTANT

The extended use of personal computers by state agencies and institutions has enabled for better and faster communications throughout the state. In order to take advantage of this fact, the SCU has developed and will maintain an e-mail listing of all CCIT members. The purpose of this CCIT distribution group is to distribute information in a more timely manner.

The two new SCO contract policies and the CCIT meeting notice were distributed using this e-mail list. If you did not receive copies of the policies or the notice for the CCIT meeting elec-

tronically, please contact Kevin Cruise at 303-866-2127. Better yet, e-mail Kevin at:

kevin.cruise@state.co.us

By e-mailing Kevin, he will have your correct e-mail address and can update the CCIT group.

Key to CURE Abbreviations

Attorney General’s Office	AGO
Central Approvers Task Force	CATF
Colorado Contract Improvement Team	CCIT
Division of Finance and Procurement	DFP
General Support Services	GSS
State Buildings and Real Estate Programs	SBP
State Contract Unit	SCU
State Controller’s Office	SCO
State Purchasing Office	SPO

Identifying, Addressing, and Avoiding Contracts That Violates State Statutes

By John Ivy, SCO

During Fiscal Year 99-00 the SCO addressed a total of 110 statutory violations involving contracts. Since this is the first year that statistics were maintained on the number of statutory violations, there is no way to determine if violations are on the increase or the decline. Regardless, 110 statutory violations are considered too many. Each of these violations results in additional work on the part of both state agency and SCO staff. Each of these violations results in delayed payment to vendors and loss of credibility by the state. The violation of a state statute is a criminal offense and should be taken seriously by everyone involved. Addressing a statutory violation requires the involvement of staff at the highest levels within the state agency.

In order to avoid statutory violations, it is necessary to first identify the state statute governing the violation and then define what constitutes a violation. CRS 24-30-202(1) and (3) are the statutory cites and they are included here because of their importance and the need for each state employee involved in the contracting process to read and understand them.

CRS 24-30-202. Procedures - vouchers and warrants - rules - penalties.

(1) No disbursements shall be made in payment of any liability incurred on behalf of the state, other than from petty cash, unless there has been previously filed with the division of accounts and control a commitment voucher. The commitment voucher may be in the form of an advice of employment, a purchase order, a copy of a contract, or a travel authorization or in other form appropriate to the type of transaction as prescribed by the controller. Any state contract involving the payment of money by the state shall contain a clause providing that the contract shall not be deemed valid until it has been approved by the controller or such assistant as he may designate. Such contracts entered into on or after July 1, 1997, shall also contain a clause notifying the other party to the contract of the controller's authority to withhold debts owed to state agencies under the vendor offset intercept system pursuant to section 24-30-202.4 (3.5) (a) (I) and the types of debts that are subject to withholding under said system. The form and content of and procedures for filing such vouchers shall be prescribed by the fiscal rules promulgated by the controller.

(3) In no event shall the head of any state department, institution, or other agency or the controller, either by himself or through any assistant designated by him, approve any commitment voucher involving expenditure of any sum in excess of the unencumbered balance of the appropriation to which the resulting disbursement would be charged. No person shall incur or order or vote for the incurrence of any obligation against the state in excess of or for any expenditure not authorized by appropriation and approved commitment voucher except as expressly authorized by this section. Any such obligation so raised in contravention of this section shall not be binding against the state but shall be null and void ab initio and incapable of ratification by any administrative authority of the state to give effect thereto against the state. But every person incurring or ordering or voting for the incurrence of such obligation and his surety shall be jointly and severally liable therefor.

A statutory violation arises when an obligation has been incurred or a payment has been made on behalf of the state without a valid commitment voucher. A valid commitment voucher in the area of contracting is a fully executed state contract. Fully executed means signed by the State Controller or a delegate. If a vendor is allowed to begin work, deliver commodities, or perform services on behalf of the state prior to the contract being fully executed, meaning signed by the State Controller or delegate, a statutory violation has occurred.

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If the state receives benefit from the vendor in accordance with the terms and conditions of the state contract prior to the contract being fully executed, a statutory violation has occurred.

Three very important items to remember concerning identifying statutory violations:

- 1. A state contract is in violation of state statute when an obligation has been incurred or a payment has been made on behalf of the state without a valid commitment voucher.**
- 2. A state contract is not a valid commitment voucher until the State Controller or a delegate has signed it.**
- 3. Only the Colorado State Controller or a delegate in the SCO can ratify a statutory violation involving a state contract and authorize payment of the obligation.**

Once a state contract has been identified as a statutory violation, it is important to begin addressing the violation as soon as possible. When you (meaning anyone), become aware that a statutory violation has occurred or is going to occur with a state contract, you should immediately notify your chief fiscal officer (CFO). The CFO is the person responsible in the state agency or institution for gathering information and addressing the issues associated with the statutory violation. You may be able to assist the CFO by providing the necessary information, but only the CFO can request ratification of the procurement. The CFO is aware of the State Controller Policy, *Managing Contracts that Violate State Statute*, dated July 12, 1999, and its requirements. If you are aware that a violation has occurred and do nothing, it will only delay the contract's execution and the vendor's payment.

The easiest way to address a statutory violation involving a state contract is to e-mail the CFO with all of the relevant information you know about the violation. You may not be able to provide all of the information that the CFO will need, but the information you can provide will assist the CFO in complying with the policy. The information that the CFO is required to furnish the State Controller per SCO policy is provided below.

- 1. The circumstances surrounding the statutory violation to include: when the funds were available, when the contract was drafted, reasons for delays, and any disbursements that were made.*
- 2. The reasons why proper procedures were not followed and the statutory violation occurred.*
- 3. The internal administrative and accounting controls and procedures in place at the state agency or institution for controlling instances of informal commitments and why these controls and procedures were not sufficient to prevent the violation.*
- 4. A confirmation that all state procurement procedures were followed, including a Privatization Program review for personal services procurements, and all necessary approvals were obtained.*
- 5. The corrective actions taken by the state agency or institution to improve their internal controls and the performance of their contract staff in order to prevent similar statutory violations.*

Once the CFO has obtained the required information, a memorandum is drafted by the CFO to the Colorado State Controller through the chief executive officer (CEO) of the state agency or institution. This memorandum may be in the form of an e-mail or an attachment to e-mail. Once the CEO has reviewed the information, it can be forwarded to the State Controller. It is important to remember that when addressing statutory violations by e-mail, the e-mail must be routed from the CFO to the CEO and then from the CEO to the State Controller. Copying the CEO on the e-mail from the CFO is not sufficient. The e-mail must come to the State Controller from the CEO. The State Controller's e-mail address is art.barnhart@state.co.us. Statutory violations are serious offenses and require the involvement and knowledge of both the CEO and CFO.

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Three very important items to remember concerning addressing statutory violations:

- 1. You (meaning anyone) should address statutory violations immediately by notifying the CFO, as soon as they are identified.**
- 2. The CFO is the person responsible for complying with the SCO policy.**
- 3. The CEO must review and approve the response prepared by the CFO.**

(Please note that John Ivy in the SCO has been delegated the authority and given the responsibility to review and approve ratification requests from state agencies and institutions for the State Controller. Copying him on a hard copy memo or copying him on the e-mail sent to the State Controller will insure that the request is handled in a timely manner. His e-mail address is john.ivy@state.co.us and his telephone number, should you have questions is 303-866-3765.)

Avoiding statutory violation is not always easy. Some contracts may be doomed to become statutory violations regardless of the effort put forth by everyone involved with the contract. Sometimes there is just not enough time to complete contract negotiations, finalize the contract, have all parties sign, have the contract routed through the necessary Central Contract Approvers, and then have the contract executed by the State Controller or a delegate, prior to the need for services. In these instances the CFO should contact the SCO and alert them as to the problem, then the contract can be handled expeditiously by the Central Contract Approvers.

Most statutory violations, however, can be avoided if state agencies and institutions will take the time to develop and implement adequate internal controls over their state contracting process. If all state contracts are identified by the agency and a tickler file maintained to alert program staff of contract expiration dates, program implementation dates and extensions, or start dates for new programs or initiatives requiring contracts, the number of statutory violations would decline. Each of the Central Contract Approvers has a walk through policy to expedite state contracts, which are under time constraints. The walk through process, however, should only be used only when necessary to expedite contract approval or to avoid a statutory violation, and should not become an agency standard. Some agencies tend to use the walk through process simply to move their contracts ahead of other agencies, when it is not absolutely necessary. The major cause of statutory violations seems to be a lack of planning by a state agency or institution to alert program staff to contracting requirements in a timely manner. The second most frequently encountered reason appears to be inadequate training of new program staff or staff involved in the contracting process. Frequently, statutory violations occur because someone who is unfamiliar with the state contracting process does not realize the amount of lead-time necessary for contract approval. In some instances for certain types of contracts, twenty days is not uncommon. Another commonly overlooked requirement is that unlike private sector contracts, state contracts are not valid until signed by the State Controller or a delegate.

By working together, the number of statutory violations that need to be addressed could be reduced. This in turn would reduce the additional time required by both state agency and institutions staff, and SCO staff. The time saved could be used in our continuing effort to improve the state contracting process. If you have any questions concerning the state contracting process, please contact your CFO. If the information is not available, then please call one of the SCO staff involved in contract processing. The list of names, phone and fax numbers, and e-mail addresses are published in each issue of the CURE.

If you have suggestions for improving state contracting or any of the SCO policies or procedures, please contact one of the State Contract Unit Staff. We welcome your suggestions.

ENCUMBRANCES, ROLLFORWARDS And the FISCAL YEAR END

By Rod Wolthoff, AGO

The State Controller's statute, CRS 24-30-202, requires a commitment voucher for the disbursement of funds for the payment of a liability incurred on behalf of the state. The commitment voucher often takes the form of a contract or purchase order. The agency is responsible for reserving an amount on the Colorado Financial Reporting System (COFRS) or an approved state agency financial system to meet the formal obligation of the state. This encumbrance insures that there will be adequate funding to meet the obligation. The encumbrance process should precede the recording of the expenditure and actual disbursement of the funds. Most funds are appropriated by the legislature to be obligated during the next fiscal year, July 1 to June 30. CRS 24-75-102 states: "*Except as otherwise provided by law, all moneys appropriated by the general assembly may be expended or encumbered, if authorized by the controller, only in the fiscal year for which appropriated. Any moneys unexpended or not encumbered from the appropriation to each department for any fiscal year shall revert to the general fund or if made from a special fund, to such special fund.*"

Not all contracts utilize the state's fiscal year as the performance period for the contracted services. Often performance starts during the current fiscal year and extends beyond the current fiscal year. For those cases, it is necessary to include *Special Provision #2*, the funding out clause. *Special Provision #2* states: "*Financial obligations of the State of Colorado payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available. All contracts should state the maximum amount payable, but where contract performance crosses fiscal years, only the amount of funds*

necessary to cover the expenses for that fiscal year should be encumbered.

By state law, unexpended annual appropriations expire at the end of the fiscal year. In certain circumstances the State Controller may approve a "rollforward" of unused annual appropriations as provided by State Fiscal Rule 7-3. In order for a non-capital construction fund appropriation to rollforward, the appropriated funds must be legally committed by a purchase order or contract, and there must be extenuating circumstances which warrant carryover of the remaining appropriation, or there must be express legislative intent. Each rollforward request must include adequate justification and documentation of the issues that prevented the expenditure of funds within the current year. An adequate general fund balance must be available to support the approval. If an adequate appropriation is available in the next fiscal year for the same purpose, the rollforward request will not be approved. Do not assume that multiple year contracts will be approved for rollforward. The State Controller assumes that for multiple year contracts, any funding beyond June 30 of the current year will come from appropriations in the subsequent fiscal year.

If during the contracting stage on a multiple year contract, an agency anticipates that current year funds will be needed in subsequent years, a properly completed rollforward request should be submitted to the SCO for approval along with the contract. If the agency has delegated contract signature authority, the rollforward request should be submitted for approval by the SCO prior to the State Controller's delegate signing the contract.

Signature Blocks

For State Controller Contracts and Contract Modification

By Phil Holtmann, SCO

The inclusion of *Special Provision #1* in all state contracts containing a disbursement of funds is required by CRS 24-30-202. *Special Provision #1* requires the State Controller or a delegate to approve all state contracts. This approval is indicated by the State Controller or delegate signing the contract or contract amendment in the signature block provided. The State Controller or delegate is the last person to sign a state contract and this signature validates the document. This signing is referred to as either approving or, more properly, executing the contract.

The signature page of the *Special Provisions* contains an example of what the signature block for the State Controller should resemble. At a minimum the block should contain the words “State Controller” with a line spaced far enough below these words to allow room for a name stamp and a signature.

STATE CONTROLLER

If the contract is executed at the Office of the State Controller (SCO), a stamp is used to place the State Controller’s name next to or below the title.

STATE CONTROLLER, ARTHUR L. BARNHART

By _____

If an agency adds the State Controller’s name next to the title, this is an acceptable practice. If an individual at the agency is delegated to sign for the State Controller the signature block should resemble the signature block indicated in their letter of delegation from the State Controller.

**STATE CONTROLLER
ARTHUR L. BARNHART**

By _____
(Print Name)

Regardless of the examples shown in the *Colorado Contract Procedures and Management Manual*, the above signature block should be used on all state contracts and contract modifications. Some of the examples in the *Manual* contain just the word “CONTROLLER” and a line for a signature, which is incorrect. Most state agencies have a controller, but this is not the signature authority required to execute state contracts. When the *Manual* is revised, all signature blocks will be changed to reflect the above.

Modifications to State Contracts

By Phil Holtmann

In January of 1997 the State Controller issued a policy on contract modifications and changes, which included instructions on the use of options, change orders, task orders, and funding letters. This policy required agencies to include specific language in certain types of state contracts and attach a sample of the modification or change tool as an exhibit to the contract. After the State Controller has executed the contract, the agency could use the modification or change tool without further legal review by the Attorney General's Office, as is normally required for contract amendments.

These modifications or change tools were developed to be used for very specific purposes and therefore contain very specific language. These tools were not meant to be combined with other approved modification or change tools or to be used for purposes other than those approved. Recently, the SCO has received several of these modifications or change tools that contained additional language, which attempted to modify or add other terms and conditions to the original contract. In addition agencies have attempted to combine approved modifications and change tools into a single document that has not been reviewed and approved by the Attorney General's Office. All of these creative uses of the modification and change tools have been rejected by the SCO. If an agency needs to amend terms and conditions in a contract a formal contract amendment is required. Amendments to the basic contract cannot be included on one of the modification or change tools because it is not an acceptable use of the approved modification or change tool.

Please try to use the approved modifications or change tools only for their intended purpose. If it becomes necessary to amend a contract, a formal contract amendment should be used where it can be reviewed by the Attorney General's Office. The instructions and required format for contract amendments are located on Page 6-97 of the *Contract Procedure and Management Manual*. Should you have questions concerning any of the

above, please give Phil Holtmann a call at 303-866-3809 or e-mail him at phil.holtmann@state.co.us. Calling Phil with your questions prior to completing the document, and briefly discussing your needs, may save days in the time it takes to execute the document.

SCO Contract Unit's Newest Employee

By Bob Bowers, SCO

The SCO Contract Unit has filled the vacancy left by Chris Trujillo when she transferred to the Department of Military Affairs. We are pleased to announce that Robert (Bob) Bowers has accepted the position. Bob brings with him not only a law degree, but experience in both contracts and auditing.

Bob is a self-described "Air Force brat" and has lived in many different places, including, San Antonio, Texas; Tehran, Iran; Washington D.C.; Saint Louis, Missouri; and several small towns in southern Illinois. Bob currently resides in southeast Aurora with his wife, Sara, and their two Pug dogs.

After graduating from Colorado's own Smoky Hill High School in Aurora, Bob moved to Illinois and attended Southern Illinois University. While at SIU, he earned two bachelor degrees; one in Business Administration and the other in Music (classical guitar). Bob completed a Juris Doctorate degree at Saint Louis University in 1991. He practiced law for several years in Illinois, before moving back to Denver. Bob is licensed to practice law in both Colorado and Illinois.

Bob comes to the SCO from the Colorado Treasurer's Office where he worked for a year as an auditor in the Unclaimed Property Division. Prior to his employment with the State, Bob practiced law, both in Colorado and Illinois, concentrating in the areas of local government representation, real estate, taxation, and contract litigation.

In his free time, Bob enjoys woodworking, camping, and sailing. He is also an active member of the Galilee Baptist Church.

Contract Processing Statistics for FY99-00

A Summary

By John Ivy, SCO

The State Contract Unit in the SCO annually prepares a summary of contract processing statistics. These summary statistics are derived from information maintained in the CLIN and CLI2 tables on the Colorado Financial Reporting System (COFRS). Since not all agencies use COFRS, not all contracts are included on this report. In addition, there are some state agencies, and most of the institutions of higher education, that have State Controller signature authority with respect to state contracts and their statistics are not included. If all state agencies and institutions would use the CLIN as their contract log, then the statistics could be published on a periodic basis and used to identify those agencies that need additional contract training or assistance from the State Contract Unit to improve their contracting process. Without all agencies using CLIN and not all contracts coming through the SCO, it would be unfair to some state agencies to simply publish the summary, and expose their problems for all to see.

The summary sheets indicate that during FY99-00 the State Contract Unit processed 3,966 contracts in total, which were received from 101 different contracting entities. This is an increase of almost 10% over the previous fiscal year when a total of 3663 were processed by the SCO. Of the nearly 4000 contracts processed last fiscal year, 780 were rejected. This represents almost a 20% contract error rate, which is an increase in the number of errors in FY98-99, when only 18% of the contracts were rejected contracts. When a contract is rejected, the agency is contacted to resolve the contract issues. Often the contract must be returned to the agency for correction. This unnecessarily delays the contract's execution and adds to the total contract processing time. Rejected contracts result in additional work not only for the agency's contracting and accounting staffs, but also the Central Contract Approvers. Error rates for state agencies and institutions ranged from 0 to well above 50%. State agencies with unacceptable contract error rates will be contacted by the SCO to determine the reasons for the errors and to develop an agreeable solution to the problem.

In addition to the contract error rate, the number of contracts requiring a "walk through" was also noted. In FY99-00 there were 319 state contracts walked through the review and approval process. This represents 8% of the total. This is an increase over the previous fiscal year, FY98-99, when only 204 contracts, or 5.5%, required a walk through. The walk through process was created to assist state agencies and institutions in quickly reviewing and approving their contracts when time was of the essence. A majority of the state agencies and institutions did not require a contract walk through, but several agencies required a walk through for over one-third of their state contracts. As above, state agencies with what is considered to be an unacceptable walk through percentage will be contacted by the SCO to determine if a problem exists, and a solution can be found.

The following table summarizes and illustrates the SCO contract processing statistics for the past two fiscal years.

<u>Fiscal Year</u>	<u>Total Contracts</u>	<u>Contract with Errors</u>	<u>Walk Through</u>
FY99-00	3,966	780 (19.7%)	319 (8.0%)
FY98-99	3663	666 (18.2%)	204 (5.6%)

Let's all work together this fiscal year and see if we can improve both the error rate and walk through percentage to a more realistic and acceptable level. Should you have questions or if you would like to know your agencies totals, please give Phil Holtmann a call at 303-866-3809 or e-mail him at phil.holtmann@state.co.us.

**General Support Services
Division of Finance and Procurement
Office of the State Controller
State Contracting Unit
1525 Sherman Street, Suite 250
Denver, CO 80203
Phone: 303-866-3281
Fax: 303-866-3569**



CCIT Meeting AGENDA



CCIT Meeting

Wednesday, February 16, 2000
Camp George West – Golden, Colorado – Building 100

Agenda

9:00-9:20	Facility Briefing & New Faces	Phil Holtmann
9:20-9:45	Statutory Violations	John Ivy
9:45-10:00	Contract Signatures	Phil Holtmann
10:00-10:20	Break	
10:20-10:45	FYE Contracts	Rod Wolthoff
10:45-11:00	Contract Modifications	Phil Holtmann
11:00-11:20	Annual P / S Report	Yvonne Anderson
11:20-11:35	Fiscal Rule Waivers	John Ivy
11:35--Noon	Statistics & Comments	Phil Holtmann

On the World Wide Web at :

www.sco.state.co.us/

**CONTRACT PROCEDURES AND MANAGEMENT
MANUAL
[contract/contract.htm](http://www.sco.state.co.us/contract/contract.htm)**

**PRIVATIZATION PROGRAM PROCEDURES AND
FORMS
[private/private.htm](http://www.sco.state.co.us/private/private.htm)**

**CURE
[cure/cure.htm](http://www.sco.state.co.us/cure/cure.htm)**